

To the Members of the California State Senate:

I am signing Senate Bill 1100, which provides the statutory framework for implementing a five-year hospital financing demonstration project.

This waiver will help public and private safety net hospitals to continue to provide vital services to our most vulnerable citizens. No other state has received a federal waiver as favorable as California's, with more than \$18 billion in federal funding to protect and enhance the financial viability of California's safety net hospitals.

This legislation reflects an important agreement between the Administration, Legislature, California hospitals, counties, and other stakeholders regarding a new reimbursement methodology to reimburse California's safety net hospitals. SB 1100 holds public and private hospitals harmless by guaranteeing they will receive at least the same amount of federal funding they received from the previous waiver and will bring in an additional \$3 billion in new federal funds for California's health care safety net.

Sincerely,

Arnold Schwarzenegger